

# **MRM #10**

# **Accomplishments**

## **Reduction of Contractor Oversight**

## **DCMC Clearwater**

Briefing to:

**Ms Jill Pettibone**

**Executive Director, Contract Management Policy  
Defense Contract Management Command**

March 30, 1999



# Introduction

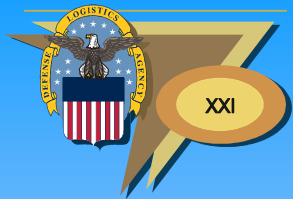
- **Getting started**
- **Purpose**
- **Perspective**
- **Customer focus**
- **Leadership**
- **Accomplishments to date**
- **Currently active initiatives**
- **Sharing strategies**



# Risk Management

**Risk management is the foundation of our team philosophy and our success**

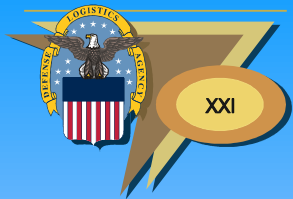
- Accomplishments are a direct result of **effectively identifying and managing risk**
- **Implementing** Alternate Release Procedures and Contractor Self-Oversight Programs at high quality, low-risk contractor facilities
- Charter all Team members to **manage risk** and **improve customer service levels** by identifying problems and offering solutions and ideas for savings
- Gained efficiencies in low-risk business processes enable us to **better utilize our limited resources**



# Strategies

Our strategies include:

- Take **reasonable, calculated risks** to attain success
- Using the available MRM #10 options to the **maximum reasonable extent**
- **Aggressive elimination** of process steps we do not need – the **obsolete**, the **duplicative**, and those that **serve special**, not customer **interests**
- Use prime contractor supplier quality management data and analysis when **cost-effective**
- Develop a **well-trained, synergetic Team** capable of effecting MRM #10 goals



# Changing Paradigms

- Restructuring Teams
  - **Changing paradigms**
  - Accelerating adoption of new business processes
- Providing our employees with the tools to be successful
  - Training to make decisions cooperatively
  - **Good information**
  - Skills to take advantage of modern technology
- Building an environment for workforce excellence
  - **Increasing worker involvement**
  - Greater cohesion and cooperation among functional specialists



# Developing Our People

- **Ongoing training** for every worker **is essential** for success
- For MRM #10, curriculum is developed and training is provided in-house
- **Topics are relevant to Acquisition Reform**
  - How to apply MRM #10 initiatives
  - Risk Management
  - Time Management
  - SPC refreshers
  - Surveillance Plan Development Training
- End purpose of the training is to **provide tools to achieve desired results**
- Sharing: Our four-hour training module on risk management has been provided to DCMC Headquarters and other DCMC Commands



# Maximizing Resources

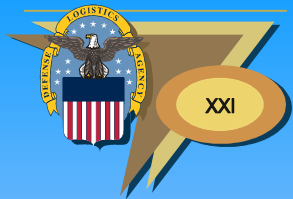
- **Proactive professionals** are our most important source of progress
- Many talented employees from **multiple functions** contribute to our MRM #10 efforts
- All Team functions use the **MRM #10 concept** to gain efficiencies within their specific functional responsibilities
- Entire Team is advancing to its **full potential**



# DCMC Clearwater Today

- Expanding capabilities well beyond the Quality function by working with the **concept/attitude of MRM #10**
- Progressively **reengineering** and **simplifying** acquisition -- not just Quality -- processes
  - Performing gap analyses, developing unique strategies, setting goals
- Maintaining **quality service** to our customers
- Meeting an **increased workload** in a **resource-constrained environment**
  - Offsetting calculated resource reductions with MRM #10-type initiative implementations





# Measuring Success

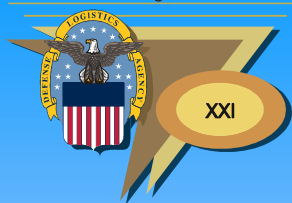
- We use performance indicators to **assess each QAR's work efforts** toward accomplishing MRM #10 initiatives
- We train each QAR to **re-allocate individual resources**
- We measure our rate of success



# MRM #10 Focus Project - QAR

- 1 Put this process on ARP.
- 6 Put the associated product line on CSO.
- 9 Wait until the associated critical/key processes are in acceptable control and then put the associated product line on ARP.
- 11 Wait until the associated critical/key processes are in acceptable control and then put the entire facility on CoC.
- 13 Wait until the associated critical/key processes are in acceptable control and then put the entire facility on ARP.
- 15 Mandatory (QALI), LI/SS, NNPS, NASA, or other reimbursable.

| Code  | Contractor Name        | Key Processes       | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
|-------|------------------------|---------------------|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|
| 0FFB0 | Aero Aire              | DD250               |   |   |   |   |   |   |   |   |   |    | 11 |    |    |    |    |
|       |                        | Pres/Pack/Mark/Ship |   |   |   |   |   |   |   |   |   |    | 11 |    |    |    |    |
|       |                        | Final Inspection    |   |   |   |   |   |   |   |   |   |    | 11 |    |    |    |    |
| 99810 | Aerosonic (also 0EGS8) | Calibration         |   |   |   |   |   |   |   |   |   |    |    |    | 13 |    |    |
|       |                        | Final ATP           |   |   |   |   |   |   |   |   |   |    |    |    | 13 |    |    |
|       |                        | DD250               |   |   |   |   |   |   |   |   |   |    |    |    | 13 |    |    |
|       |                        | Pres/Pack/Mark/Ship |   |   |   |   |   |   |   |   |   |    |    |    | 13 |    |    |
| 1N275 | Brysen Optical         | Final Inspection    |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
|       |                        | DD250               |   |   |   |   |   |   |   |   |   |    | 11 |    |    |    |    |
|       |                        | Pres/Pack/Mark/Ship |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
| 28956 | Harder Precision       | Final Inspection    |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
|       |                        | DD250               |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
|       |                        | Pres/Pack/Mark/Ship |   |   |   |   |   |   |   |   |   |    | 11 |    |    |    |    |
| 22861 | Joyce Teletronics      | Final ATP           |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
|       |                        | Final Inspection    |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
|       |                        | DD250               |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
|       |                        | Pres/Pack/Mark/Ship |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
| 52512 | Astra Products         | Shelf Life          |   |   |   |   |   |   |   |   | 9 |    |    |    |    |    |    |
|       |                        | Hand Solder         |   |   |   |   | 6 |   |   |   |   |    |    |    |    |    |    |
|       |                        | Final ATP           |   |   |   |   | 6 |   |   |   |   |    |    |    |    |    |    |
|       |                        | Pres/Pack/Mark/Ship |   |   |   |   | 6 |   |   |   |   |    |    |    |    |    |    |
| 17475 | Gulf Aerospace         | Calibration         |   |   |   |   |   |   |   |   |   |    |    |    |    |    | 15 |
|       |                        | Final ATP           |   |   |   |   |   |   |   |   |   |    |    |    |    |    | 15 |
|       |                        | Pres/Pack/Mark/Ship |   |   |   |   |   |   |   |   |   |    |    |    |    |    | 15 |
| 55438 | Godfrey [BF Goodrich]  | Hand Solder         | 1 |   |   |   |   |   |   |   |   |    |    |    |    |    |    |
|       |                        | Final ATP           |   |   |   |   | 6 |   |   |   |   |    |    |    |    |    |    |
|       |                        | Pres/Pack/Mark/Ship |   |   |   |   |   |   |   |   |   |    |    |    | 13 |    |    |
| 07NV7 | Tampa Machine          | Calibration         |   |   |   |   |   |   |   |   |   |    |    |    |    |    | 15 |
|       |                        | Final Inspection    |   |   |   |   |   |   |   |   |   |    |    |    |    |    | 15 |



# MRM #10 Focus Project - Senior Q

## Top Five Candidates Eligible for Source Inspection Reduction

| Contractor     | PBAM | Formal Certifications or Agreements |          |           |          |                  |       |     |     |     |     |
|----------------|------|-------------------------------------|----------|-----------|----------|------------------|-------|-----|-----|-----|-----|
|                |      | 2nd Party                           |          | 3rd Party |          | Certs/Agreements |       |     |     |     |     |
|                |      | ISO 9001                            | ISO 9002 | ISO 9001  | ISO 9002 | MIL-I            | MIL-Q | CSO | ARP | DVD | CoC |
| Lockheed       | M    |                                     |          |           | X        |                  |       | wkg |     |     |     |
| Smiths IMS     | M    |                                     |          | X         |          |                  |       | wkg |     |     |     |
| Smiths PSNA    | M    |                                     |          |           | X        |                  |       | wkg |     |     |     |
| Astra Products | L    |                                     |          |           |          | X                |       |     | wkg |     |     |
| R&R Mfg        | L    |                                     |          |           | X        |                  |       | wkg |     |     |     |

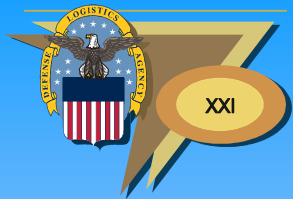
| Contractor     | PROCAS Environ | Start Month | Comp Month | Reasoning/Justification for Selection        |
|----------------|----------------|-------------|------------|--|
| Lockheed       | Y              | Jan         | Apr        | Mature product lines, good quality history   |
| Smiths IMS     | Y              | Mar         | Jun        | Boeing Gold Supplier                         |
| Smiths PSNA    | Y              | Mar         | Jun        | Good quality history, potential DVD supplier |
| Astra Products | Y              | Apr         | Apr        | Low unit cost, mature products               |
| R&R Mfg        | Y              | Mar         | May        | Subcontractor with excellent prime oversight |

### Completed Initiatives:

Alliant Techsystems - Facility-wide CSO MoA

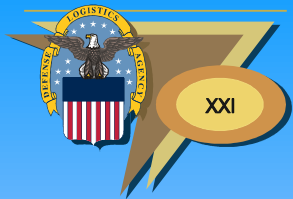
Nestor Sales - Facility-wide CoC MoA

Hytennas - Facility-wide ARP



# Customer / Contractor Partnerships

- Strengthen commercial and defense industrial base by **partnering with our suppliers**
  - Process-Oriented Contract Administrative Services environment
  - Integrated Program/Product Teams
  - Management Councils
  - Technical Interchange Meetings
- Develop a **relationship of trust** while identifying problems and deficiencies
- **Focus resources on expedient resolutions** that are in the best interest of our joint customer(s)
- Encourage the **development of new technology** and **better business practices**
- Implement **Single Process Initiatives** wherever feasible



# Moving Forward

- Making the DoD Acquisition System more **efficient, responsive,** and **timely**
- MRM #10 initiatives and innovations **on target** with NPR objectives
  - Implementing a **full array** of MRM #10 initiatives
- Systematically improving both quality and performance
  - **Gaining efficiencies** that equate to cost savings and more timely responses
  - Gaining **greater resource flexibility**
- Savings generated in two primary areas:
  - **Fewer government resources** are required
  - Contractors save **costs related to in-plant government activity**



# DCMC Clearwater Accomplishments

## DCMC Clearwater's BRAVO Team's first action

**Note:** Savings are calculated using the QA reimbursable rate of \$51.00 per hour x 2080 hours = \$106,080 annually.

**MRM #10-type review** of all QAS workloads and assigned contractor facilities

Purpose:

- **Gain operating efficiencies**
- Moved QASs to closer facilities with matched skills to better facilitate MRM #10

Immediately realized a **minimum of \$10,000 annual savings** in mileage and travel time expenses



# DCMC Clearwater Accomplishments

## Maximizing MRM #10 options

- Contractor with a high volume of contracts and **excellent quality history**
- Implemented two different MRM #10 initiatives to **maximize savings**

MoA that automatically invokes contractual CoC procedures

- Government gain:
  - Savings exceed **\$126,000**
  - **Optimizes resource usage and shipping timeliness**
- Contractor gain:
  - Estimated savings over **\$60,000**

ARP implemented on product lines with proven quality history

- Government gain:
  - Over **\$21,000 annual savings**
  - **QAR flexibility** (reduced travel time)
  - **Faster shipments**

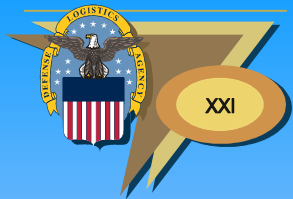


# DCMC Clearwater Accomplishments

## Changing paradigms and eliminating the “old” way of doing business

- Under an MRM #10 initiative, **used to our advantage a prime's audit efforts** and **removed Government Source Inspection** from a significant number of contractor's product lines
- Government gain:
  - Annual savings = **\$106,000** (One FTE)
  - **Resource flexibility**
- Contractor gain:
  - Estimated over **\$90,000 annually**





# DCMC Clearwater Accomplishments

## Quality Contractor Self-Oversight Memorandum of Agreement for an entire contractor facility

- Government Gains:
  - Savings that exceed **\$45,000 annually**
  - **Resource flexibility** to support Program Managers
  - Contractor personnel instrumental in assisting DCMC Clearwater in working with other contractors in their CSO endeavors
- Contractor Gains
  - Savings are estimated at **\$10,000**
  - **Prestige** of being a Contractor Self-Oversight (CSO) approved facility
  - Using its CSO approval as an **effective marketing tool**



# DCMC Clearwater Accomplishments

## MOA that automatically corrects misidentified “ship from” codes

- Reason: high volume of contracts
- Significance: elimination of writing and processing modifications each time the “ship from” code was misidentified
  - Correct code is automatically recognized
  - MOCAS database is corrected
- Government gain: **\$126,000 annual savings**
- Contractor gain: **savings are estimated at \$50,000**

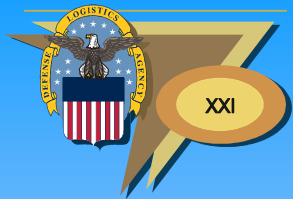


# DCMC Clearwater Accomplishments

## **MRM #10 process efficiency concepts**

Improved internal method for processing 99 codes in  
the QA Management Information System

Government gain: **Annual savings exceed  
\$5,400**

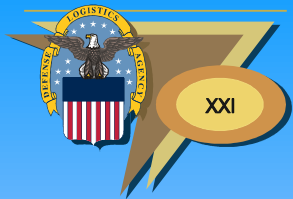


# DCMC Clearwater Accomplishments

## Participated in a Direct Vendor Delivery (DVD) contract negotiation with NAVICP, Philadelphia

Supported our customer with data gained from MRM #10 initiatives

- Government gain: anticipate savings to **exceed \$43,000 annually**
- Contractor gain: savings are estimated at **\$40,000**



# Savings Summary

- Developed strategies and methodologies demonstrate that **significant cost savings are achievable**
- **First six-month period** of MRM #10 initiative implementations for one of four teams
  - Government gain: approximately **\$500,000**
  - Contractor gain: estimated at **\$250,000**
- Necessary strategies, measurement systems, and trained personnel in place to gain even greater efficiencies and cost savings
- **DCMC Clearwater and contractors should realize over \$2,000,000 in cost avoidance and cost savings over the next year by maximizing and optimizing advantages gained through MRM #10**



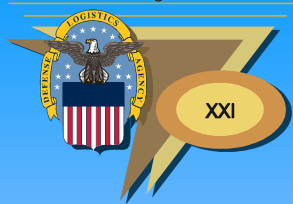
# **Completed MRM #10 Initiatives**

- **Facility-wide CSO - Alliant Electronic Defense Systems**
- **Program-specific CSO - Honeywell (B52)**
- **Facility-wide ARP - Nestor Sales**
- **Facility-wide ARP - Technology Research**
- **Facility-wide CoC MoA - Nestor Sales**
- **Facility-wide CoC MoA - Foss Brown**
- **Facility-wide CoC MoA - S&J Military**
- **Facility-wide CoC MoA - Tampa Lighthouse for the Blind**



# Currently Active Initiatives

- **Process-specific CSO - Lockheed Martin**
- **Facility-wide CSO - Smiths IMS**
- **Facility-wide CSO - Smiths PSNA**
- **Facility-wide CSO - National Technical Systems**
- **Facility-wide CSO - R&R Manufacturing**
- **Facility-wide CSO - Syn-Tech**
- **Process-specific CSO - Primex**
- **Product-specific ARP - Pall Aeropower**
- **Facility-wide ARP - Astra Product**



# Examples of Sharing

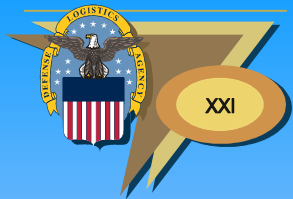
## Getting the word out

- DCMC Clearwater website
- DCMC Headquarters website
- Quality SFA website (best practices)
- DCMDE Eastside Edition magazine
- DLA Dimensions magazine
- DCMC Headquarters briefing
- **DLA nominee for the David Packard Excellence in Acquisition Award**

## More personal service

- Ella Studer, Director, Contract Technical Operations, DCMC
- Debbie DeCoste, TAG Group Leader, DCMC Raytheon
- Tom Sizemore, SFA, Quality, Florida
- Joe Pritt, SFA, Quality, Ohio, Pennsylvania, West Virginia
- Harry Vick, Senior QAS, GEC Marconi, New Jersey
- Ray Butler, Team Leader, DCMC Cincinnati
- Richard Braun, Team Leader, DCMC Cleveland
- Patti Jeffrey, Team Leader, DCMC Twin Cities





# Summary

- We are **in tune** with you.
- Our direction is **clear**.
- We have a **winning, customer-focused attitude**.
- Our goals and objectives are **attainable**.
- We are stacking up **accomplishments**.
- We are doing the **right things**.
- We are **successful** at what we do.

**MRM #10 is truly a win-win-win-win environment for us, our customers, our contractors, and just as importantly, the taxpayers. We will continue to share our strategy for success with others.**